

## **NIGERIAN ECONOMIC RECOVERY: THE ROLE OF ENTREPRENEURSHIP EDUCATION**

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### **ABSTRACT**

*The Federal Government of Nigerian launched an economic plan tagged the Economic Recovery and Growth Plan (ERGP) in 2016 as a deliberate effort to return the receding Nigerian economy to growth trajectory or at least to normalcy. The ERGP is a medium term economic framework also meant to stimulate the recessive Nigerian economy back to sustainable, accelerated development and restore economic growth in the medium term (2017 - 2020). Despite the robust provisions of the Plan, the presence of inherent and emerging risks poses significant uncertainty in many circles over the prospects of a successful implementation of the Plan. Premised on the theoretical framework of the Keynesian stimulus to economic revival, this study employs introspective and retrospective methodology and inductively and deductively arrives at conclusions. This study therefore identifies major economic situations leading to recession and made recommendations for economic recovery, particularly by considering the role of entrepreneurship education. The major objective of this study is to expound the concept of economic recession and the economic factors that lead to it particularly the macroeconomic downside risks; and examine the role of entrepreneurship education in the Nigerian economic recovery and growth plan. The study also makes some recommendations that will assist public policy makers in formulating sustainable economic policies to check tendencies for avoidable future economic recession.*

*Keywords: Economic Recession, Economic Recovery, Entrepreneurship Education.*

### **INTRODUCTION**

Over the past decades, successive Nigerian governments have launched various economic renewal or recovery plans aimed at boosting or reforming the economy. In 2007, the Umar Musa Yar'Ádua administration launched the 7-point Agenda and subsequently, the Vision 20- 20-20. The Goodluck Jonathan administration launched the National Industrial Revolution Plan and the Nigeria Integrated Infrastructure Master Plan in 2014. In a similar fashion, the Muhammadu Buhari administration launched yet another economic plan tagged Economic Recovery and Growth Plan (ERGP). The ERGP was launched soon after Nigeria slumped into economic recession in the second half of 2016 (PWC, 2017).

The concern of the government of Nigeria to pull the country out of recession and place her on the path of sustainable growth sounds familiar as all the previous governments in Nigeria had done. There is however this premonition that the factors which frustrated the many past plans by various governments seem not to be clearly identified and strategies of tackling them discovered. Despite the comprehensiveness of the ERGP document, only a casual attention is paid to potential risks that are capable of derailing any prospect of success from the plan. In the 140 -page - ERGP document, the downside risks is contained in just 23 lines occupying less than half a page; yet, they are capable of frustrating whatever policy measures that may be applied to

revive the comatose macroeconomic variables. This economic omission or commission has created uncertainty in many circles over the prospects of a successful implementation, particularly in the absence of clear strategies for tackling the possible downside risks casually mentioned in the plan.

### **LITERATURE REVIEW**

This section treats the key concepts in this paper, the necessity of ERGP and entrepreneurial education as key literature in the paper.

### **CONCEPTUAL CLARIFICATION**

The basic concepts central to appreciation of the subject matter of this paper are Economic Recovery Growth Plan (ERGP), economic recession, Macroeconomic downside risks and entrepreneurship education.

### **ECONOMIC RECOVERY AND GROWTH PLAN (ERGP)**

The ERGP is an economic plan - an amalgamation of the anticipated annual budgets from 2017 through to 2020. In this case, it is a medium term expenditure framework. The medium term development plan was launched in 2016 after identification of negative socio-economic indices in virtually all areas of national welfare of Nigerians. The plan is expected to pull out the economy from the recession and place her on sustainable growth path. The plan has clearly identified objectives and set out targets (FGN, 2017). The ERGP is unique and different from the past plans of the various governments. We have 4 year budget implemented on the ERGP.

The 2017, is just like an extension of the 2016; is more like a re-calibration of adjustments in terms of real value (adjusting for inflation only). The ERGP is an

overarching plan, hence to produce subsequent budgets like 2018 budget would not be difficult because there is now a framework. Business entities can now evaluate the existing framework and plan and make decisions depending on what would happen in terms of taxes and tariffs. This is good for both private and public sector planning.

### **ECONOMIC RECESSION**

There exist two definitions of economic recession in the literature. First, economic recession is "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in a real gross domestic product (GDP), real income, employment, industrial production and wholesale-retail sales." (Central Bank of Nigeria, 2017a). The challenge with this definition is that it is too general and not definite on the timeframe within which the decline in economic activities would last before it could be termed a recession. The issue is that "lasting for few months..." is relative and subjective, and hence a limitation to a general understanding of what a recession is across nations.

The second definition perceives economic recession as a negative real GDP growth rate for two consecutive quarters of a financial year, say first and second quarters (The National Bureau of Statistics (NBS, 2017). The shortcoming of indefinite time span for identification of a recession is hereby resolved, as the second definition clearly spells out that decline in economic activities must be general in a nation for at least two consecutive quarters of a year. However, the challenge of this second definition is that economic recession is identified as an event and not a process whose symptoms would surface at a time. The point is that economic

recession had definitely existed before its identification for two consecutive quarters of a year. This definition seems to compromise the idea of an existing underground phenomenon that manifests at *two consecutive quarters of a year*; thus symptoms are identified as causes. This compromise is crucial as it forms the basis of a serious problem when an economy's GDP growth rate increases consecutively after a recession was identified and declared conquered; but the socio-economic conditions of the country remains deplorably unchanged. Thus highlighting that what was identified as recession probably was its symptoms and not the subject matter itself.

From the foregoing, we can at least describe a recession (even if unable to define it) and by this, identify the presence of the phenomenon in Nigeria. We can therefore assert that a recession already exists in a country when a national decline in GDP growth rate and many other socioeconomic indicators prevail over at least two consecutive quarters of a financial year. On this basis, we observed that Nigeria was already in an economic recession in 2016. According to CBN (2017b), in the first and second quarters of that year, economic growth indices were - 0.36% and -1.5% respectively. Although, the growth rate for the fourth quarter of 2016 was 0.8%, recession had already established itself and the country was by now possessed with negative macroeconomic indices typical of a country in recession.

### **Macroeconomic Downside Risks**

Economic risks referred to threats that are capable of diverting the expected positive trend of variables that affect the welfare of a people directly or indirectly. The variables become macroeconomic risks if they are

perceived to possess widespread capacity or could assume national dimension.

Generally, macroeconomic risks could be upside risks or downside risks. The macroeconomics upside risk is the chance that an asset or investment will increase in value beyond expectations. It is an example of positive risk – a realization beyond planned expectation. Many Economists perceive the idea of positive risks as controversial arguing that risks should always be negative. Nevertheless, the concept of upside risks serves a number of useful purposes. For example, it can be a red flag that a particular fund or investment manager is taking excessive risks. Upside risk is also used to model the potential of investments. For example, with a high upside risks expectation, policy makers may take excessive risks and go for massive external borrowings to fund projects in an attempt to exit recession. Nonetheless, the concept of upside risks is not the central issue in this study.

Macroeconomic downside risk on the other hand is an estimation of an economic variable or sector's potential to suffer a decline in value if the market or socio-economic conditions change, or the amount of loss that could be sustained as a result of the decline. A downside macroeconomic risk explains a worst case scenario for an investment or indicates how much the investor or a nation stands to lose. It could be the financial risks associated with losses. That is, it is the risks of the actual return being below the expected return, or the uncertainty about the magnitude of that difference (Prague, 2005).

Analysts use varieties of fundamental metrics to estimate macroeconomic downside risks. A very common downside

risk measure is retrogressive deviation, which is also known as semi-deviation. This measure is a variation of standard deviation in that it measures the deviation of only bad volatility. It measures how large the deviation in losses is. In general, many investments that have a greater potential for downside risks also have an increased potential for positive rewards. Investors often compare the potential risks associated with a particular investment to its possible rewards. Downside risks are in contrast to upside potential, which is the likelihood that a security's value will increase. In this paper, the downside risk is not calculated since the treatise is on existing socio-economic facts and the forecasted possible variables are based on a priori expectations.

### **Necessity of ERGP**

The need for measures that would revive macroeconomic variables and stimulate growth that is stunted and retrogressive became paramount by 2016 when the Nigerian economy was declared recessive. The causes of the recession can be classified into remote and immediate causes. While the remote causes hinged on the structure of the Nigerian economy, the immediate causes identify with the undesirable socio-economic variables that characterized the Nigerian economy.

The structural defect of the Nigerian economy is the heavy dependence on the oil revenue. The revenue from here drives every sector of the economy. It is interesting to note that while the ERGP seeks to correct this by diversification of the revenue base of the country, it is this same oil money that is expected to finance the ERGP and drive the country out of the recession. It is still this same fluctuating oil money/price that will build the infrastructure and be used to stabilize the current market prices. The

future therefore looks bleak and requires economic circumspection; otherwise the audacious plans of the ERGP may be hampered.

The immediate causes could be viewed as stimulants as well as symptoms of the same recession. In other words, the immediate causes are viciously intertwined. As the oil price slumped from an average of 83.4 \$pb between 2011 and 2015 to 44 \$pb in 2016, the production per day slumped from 1.86 mbpd in 2015 to 1.47 in 2016. Thus, declining oil prices and declining productivity compounded the trade balance of Nigeria which declined from an average of 26.8\$bn to -0.5 in 2016; the country was indeed in recession making ERGP inevitable.

Other leading macroeconomic indicators that turned negative by 2016 were;

(i) Budget balance (% of GDP) moved from -1.2 in 2015 to -3.0 in 2016, and (ii) Nigerian stock market return (%) slide from 6.57 in 2015 to -6.17 in 2016 and average corporate profitability growth (%) went drastically down from 19.74 in 2015 to -17.4 in 2016. Whatever remained of the purchasing power of the recessive Nigerian was eroded away by an inflation that galloped from 10.69 in 2015 to 18.55 in 2016 and has since remained above 15% in 2017 [CBN, 2017), Nwaoba (2017), Think Tank (2017)].

The undesirable indices were the consequences of many factors like excessive delay and inadequate policy decisions, policy inconsistency and political interference in monetary policy environment. These eroded investor's confidence and dwindled capital inflows. Strangely, while this lowered aggregate demand, the government increased different types of taxes and eventually out rightly banned essential foodstuffs like rice without considering the

gestation period of the crop. While this was going on, oil subsidies were removed thus igniting inflation. These policy conflicts and their consequences watered the ground for the germination of economic recession, which necessitated the launching of ERGP.

### **CONCEPT OF ENTREPRENEURSHIP AND ENTREPRENEURSHIP EDUCATION**

Entrepreneurship plays a vital role in economic development through creation of utilities and generation of employment within a short period (Onyemah, 2011). It is the act and art of being an entrepreneur or one who undertakes innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic goods. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. (Nwafor (2007) defines entrepreneurship as the willingness and ability of an individual to seek out investment opportunities in an environment, and be able to establish and run as an enterprise successfully based on the identified opportunities. In this definition, the following words – willingness, ability and investment opportunities are integral to the understanding of entrepreneurship. In other words, the entrepreneur must have the ability/technical know-how in addition to being willing to establish an enterprise. This definition further reveals that not all opportunities that appear are worth investing in. So, the responsibility now falls on the individual or the would-be entrepreneur to seek investment opportunity. Stallworth (1989), as cited in Nwafor (2007), describes an entrepreneurship as the creation of a new economic entity centered on a novel product or service or at the very least, one which differs significantly from products or services

offered elsewhere in the market. Ugiagbe (2007), as cited in Owenbiugie and Iyamu (2011), stressed that entrepreneurship is the process of bringing together creative and innovative ideas and coping with management and organizational skills in order to combine people, money and resources to meet an identified need, thereby creating wealth.

There are various forms of entrepreneurship and the most obvious form of it is starting new businesses popularly referred to as startup company. A start-up business has numerous advantages. There is joy and satisfaction of creating one's own kind of business of his/her dreams. He/she is able to choose a business name, a location and site, a product or service, a target market, technology, employees and operating procedures. The main disadvantage of a start-up business is the mountain of unforeseen/unexpected problems generally associated with business formation and often encountered in the process of building a business (Inegbenebor, 2006). These problems may take the form of negative attitude of the consumers towards the product or service, inadequate capital to finance operations and unexpected hitches in the performance of some of the fixed assets in the business.

The need for education in the developmental effort of any nation cannot be underestimated. The development of education sector is a sine-qua non for the development of all other sectors. According to the European Union Commission (2010) as cited in Ekankumo and Kemebaradikumo (2011), Entrepreneurship education seeks to provide students (especially those in tertiary schools) with the knowledge, skills and motivation to encourage entrepreneurial studies in a variety of setting. The

commission emphasizes that different aspects of entrepreneurship education are offered at all levels of schooling. In a similar vein, the Consortium for Entrepreneurship Education (2004) maintained that it is a lifelong learning process, starting from elementary level to other levels of education and spanning to adult education. Akpomi (2009) also holds the view that Entrepreneurship education focuses on developing understanding and capacity for the pursuit of entrepreneurial behaviours, skills and attitudes in widely different context. According to Alain (2009), Entrepreneurship education refers to all activities aimed at fostering entrepreneurial mindsets, attitudes and skills, as well as covering a range of aspects such as idea generation, start-up, growth and innovation. Akudolu (2010) sees Entrepreneurship education as the acquisition of knowledge, skills and attitude to enable the learner apprehend life challenges in whatever form and take decisive steps to realize new trends and opportunities for meeting those challenges in all aspects of human life.

#### **GOALS AND OBJECTIVES OF ENTREPRENEURSHIP EDUCATION**

The overall objective of Entrepreneurship education is to continuously foster entrepreneurship culture amongst students and faculty with a view to, not only educating them, but to also supporting graduates of the system towards establishing and also maintaining sustainable business ventures, including but not limited to those arising from research. Oborah (2006) outlined the objectives of Entrepreneurship education as:

- To provide meaningful education for the youths, which could make them self-reliant and subsequently

encourage them to derive profit and be self-dependent;

- To provide small and medium sized companies with the opportunities to receive qualified graduates who will receive training and tutoring in the skills relevant to the management of the small business centres;
- To provide graduates with training in skills that will make them meet the manpower needs of the society;
- To provide graduates with the training and support necessary to help them establish a career in small and medium size businesses;
- To provide graduates with enough training in risk management to make uncertainty almost possible and easy;
- To provide graduates with enough training that will make them creative and innovative in identifying new business opportunities; and
- To stimulate industrial and economic growth of rural and less developed areas.

Garavan and O’Cinneide (1994), as cited in Chigbuson (2011), gave the following as the goals of Entrepreneurship education:

- ❖ To foster entrepreneurial mindsets, skills and behaviours among the recipients;
- ❖ To empower students with the competencies and skills necessary to prepare them to respond to their life needs, including running their own business, so that they become productive citizens;
- ❖ To develop innovation in youths and develop their skills to identify, create, initiate and successfully manage personal, community, business and work opportunities;

- ❖ To increase the awareness and understanding of the process involved in initiating and managing a new venture as well as to enhance the public's perception of learners of small business ownership as serious career option; and
- ❖ To identify and stimulate entrepreneurial drive, talent and skills to undo the risk-averse bias of several analytical techniques and to devise attitudes towards change.

### **ROLES OF ENTREPRENEURSHIP EDUCATION IN NIGERIA'S ECONOMIC RECOVERY**

The introduction of Entrepreneurship education in Nigerian tertiary institutions is actually a direct response to the changing socio-economic and political conditions in the world and Nigeria in particular. According to Ewubare (2010), Entrepreneurship education programme can equip students with entrepreneurial skills that will enable them create and develop enterprises in various areas. The emphasis here is that the programmes have a way of shifting the focus of students from paid employment to self-employment. During the colonial era, people were trained to work for the colonial masters and as such, their education was patterned towards such. Immediately after independence, the emphases of our education system were after paid employment (Akpomi, 2009).

It must be emphasized that one of the critical indicators of economic recession is the increasing rate of unemployment among the working class. Entrepreneurship education therefore seeks to empower the recipients on self-reliance in terms of employment creation, thus bridging a crucial economic gap to support and fast track economic recovery process. Supporting the

economic recovery process through job creation has its own value chain. Firstly, the entrepreneur is gainfully employed, secondly, there is the tendency that he/she may employ additional workforce; thirdly, goods and services are produced and delivered which trickles down to support the gaps in the economy and finally the tax element is remitted.

Another role of Entrepreneurship education is that it has the tendency of equipping and making students experts in the production of certain items. The curriculum framework of this programme has been designed such that individuals will be able to channel their creative abilities and skills to an area or areas of interest. The interest area may be barbing, soap making, farming and so on (Agoha, 2011). In a recovering economy, these gaps are obvious almost in every corner of the economy.

The knowledge of Entrepreneurship education helps the students to gain information that will help to boost teaching and learning (Agoha, 2011). Entrepreneurship education builds the spirit of being entrepreneurs in the minds of the students. Thus, Entrepreneurship education has a way of discouraging laziness and idleness among our teeming population. Most people that are idle today or probably lazy are those that seem to know little or nothing about entrepreneurship. That is, what it takes to develop business plans, start and manage businesses.

Entrepreneurship education can greatly help in addressing the level of poverty in the country. The issue of poverty eradication has been a top priority of many governments and institutions, especially in developing countries where extreme poverty is conspicuous and has become pandemic

(Akpomi, 2009; Kalirajan, 2009). The incidence of poverty in Nigeria is on the high side, where about 70% of the total population has been classified as poor Ewruhjakpor (2008). This state may be seen as a direct consequence of the absence of entrepreneurial spirit and culture which entrepreneurship education is supposed to foster. In other words, the relevance of entrepreneurship education is felt more in the area of checking or reducing poverty. Entrepreneurship education equally helps in checking high dependency ratios (That is, the ratio of dependent population to working population) in the country. Once the working population are adequately equipped with these entrepreneurial skills thereby leading to self-employment, burden arising from dependent population will be reduced.

#### **CONCLUSION AND RECOMMENDATIONS**

This study has attempted to expound the concept of economic recession, economic recovery and the role of entrepreneurship education particularly in period of economic recovery. Major references and highlights in the paper showed that the Nigerian economy has, for many years, depended solely on a single revenue product - (the oil) to drive her economic activities. The paper has also pointed out that the greatest asset of any nation is its human resources. Blessed with the highest population in Africa and one of the most populous nations in the world with over 60% made up of youths, Nigeria has all the potentials to lift itself out of poverty and underdevelopment by actively engaging her citizens through entrepreneurship education. This will open up avenues for diversification and fast track economic recovery process.

It is obvious that economic empowerment and development cannot take place if there is no proper implementation of

Entrepreneurship education programme. Based on this, the following recommendations are therefore necessary in ensuring economic recovery, economic empowerment and development:

- There should be adequate funding and financing of the programme in order for the objectives and goals of the programme to be realized;
- Youths and young graduates should be encouraged to embrace Entrepreneurship education or training in order for them to become self-reliant and wealth creators. Although the government at federal and state levels has initiated various entrepreneurship programmes, their effects in the economy as a whole have remained minimal. Public policy drivers should train entrepreneurs and support recipients with enablers like tools, facilities and funding to make the training effective.
- There should be uniformity in the curriculum offerings in the various institutions that are saddled with the teaching and learning of this education. There should be adequate provision of necessary resources (that is, human and material) needed to fully run the programme.

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